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DEPT FOR OES/PCI OES/ETC AF/E AF/FO EEB/IEC
DEPT PASS TO USF&W FOR INT. CONSERVATION AND CITES
DEPT PASS TO USAID
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TAGS: [SENV](#) [ENRG](#) [EAGR](#) [ECON](#) [EAID](#) [ET](#)
SUBJECT: ELEPHANTS AND BIOFUEL DON'T BLEND

SUMMARY

¶1. (U) The conflict between conservation and investment in Ethiopia has escalated. Caught in the cross-fire is a chronically food insecure community that welcomes the opportunity to grow a cash crop. In 2007, the regional government of Oromia granted the Israeli-German firm, Flora EcoPower (FEP), thousands of hectares of land both outside and within the Babilie elephant sanctuary - a federally managed transboundary park - in order to grow castor beans for bio-fuel and other export uses. The clear cutting of sanctuary forest by FEP threatens the elephants' ability to access water and forage resources. End Summary.

Background

¶2. (U) The rapid reduction in the number of African elephants (*Loxodonta africana*) due to loss of habitat and poaching has placed them on CITES' Appendix 1 for endangered species. According to wildlife experts, Ethiopia has lost about 90% of its elephant population since the 1980s. There are currently less than 1220 elephants in Ethiopia, split among isolated pockets of protected areas and unprotected peripheral areas-two in the northwest, two in the west, three in the southwest, one in the south, and one in the southeast. Babilie Elephant Sanctuary, spanning parts of both Oromia and Somali Regions, sustains Ethiopia's largest elephant population of at least 323 individuals. This population has been isolated from Ethiopia's other elephant populations for over eighty years; it is the last relic elephant population in the far Horn of Africa.

¶3. (U) Babilie Elephant Sanctuary (7000 sq. km; 4350 sq. miles) was created in 1970 by Emperor Haile Selassie to protect elephants and other large mammals including the Black-maned lion, leopard, cheetah, and over 250 endemic plant and bird species. At that time human influence was minimal, the main interference being subsistence agriculture and charcoal making on the road from Babilie to Jijiga. Illegal activities such as poaching, charcoal making, and the encroachment of subsistence agriculture and grazing, have since reduced the practical boundaries of the sanctuary, posing a threat to the species within. Elephant numbers have been declining for several decades, and they have lost about 82% of their range in areas surrounding the sanctuary since 1970. With no effective conservation strategy in place, scientists working in Babilie believe the Babilie elephants are in danger of becoming extinct, with the greatest threats being habitat loss and conflicts between

elephants and local residents.

14. (U) As a transboundary protected area, management of Babilie is under federal authority. In an effort to regain control over park boundaries, while recognizing the physical and economic needs of surrounding villages, the Ethiopian Wildlife Department (EWD) conducted a wildlife survey in Babilie in May 2006. The EWD drafted a re-demarcation plan based on this survey. Pending adoption of the EWD's re-demarcation plan, the Oromia Regional Government granted a land concession in early 2007, much of which was within current park boundaries, to a German-registered, Israeli-owned company, Flora EcoPower (FEP), for castor bean production with the intent to produce crude castor oil for export sale to the biofuel and cosmetics/pharmaceutical industries.

Conservation vs. Investment

15. (U) The Investment Commission of the Oromia regional government, without regard for formal legal procedures calling for technical consultations, gave 10,000 hectares of land in and adjacent to the northwest portion of the park to FEP. Environmentalists and other concerned individuals were upset at this concession-the first time a sanctuary designated for wildlife protection was given over for investment-and demanded that both regional and federal governments intervene to stop clearing within the sanctuary and form a taskforce to assess the situation and formulate a response. In a meeting with an official from the EWD in May 2007, the Regional Environmental Assistant (REO/A) was told that the investor had already cleared approximately 1000 hectares and had not yet made any promises to stop clearing. The number of hectares is disputed-some experts claim 5000 hectares were cleared. According to EWD observations, elephants were not leaving the sanctuary and water holes were still intact, but clearing had taken place in an important elephant

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corridor and feeding grounds between valleys in the northwestern section of the sanctuary.

16. (SBU) The EWD also found that the sizes of the castor plots shown on the investor's map are smaller than the plots on-site. The actual size indicates that FEP cleared more forest area than it reported. The EWD reported that over 56% of the current farm plots granted to Flora EcoPower are found within the most important elephant habitat and block the main elephant corridor. Thus, the elephants have no room left for further movement. The EWD further states that if the last remaining habitat is destroyed this endemic subspecies will face extinction.

17. (SBU) By June 2007 negative press in Ethiopia and Europe led to growing public awareness about the investor's activities in the sanctuary. In a meeting with embassy representatives in October, the investor claimed he became aware that they had cleared plots inside a protected area only when the issue was presented in the German press in June 2007. FEP shares are traded on the German stock exchange and sales dwindled after the release of the story. According to all parties involved, it was at that point the company agreed to stop all clearing and new cultivation within sanctuary boundaries. FEP's senior representative in Ethiopia claimed "even if the regional government says yes, we won't clear any more in the protected area." In an agreement among local NGOs and FEP that was brokered by the German and Israeli Embassies it was decided that plots within the sanctuary that were already cleared and under production would remain so for the productive life cycle of the castor bean plant (about three years). All of the stakeholders and regional and federal officials agreed to a "gag order" pending a decision by the Deputy Prime Minister. In fact, attempts by the Regional Environment Office (REO) to get information in October were repeatedly rebuffed.

18. (SBU) According to a credible source, no further clearing and cultivation has taken place within official sanctuary boundaries. The EWD is using the official 1970 Ethiopian Environmental Protection Agency (EPA) maps for Babilie Elephant Sanctuary, while regional authorities are using recent maps with proposed new boundaries that show agricultural encroachment within the park and

bolster arguments to degazette the park accordingly. The EPA maps from 1970 indicate that more than 80 per cent of the land plots granted to FEP are within the sanctuary. Of this, more than three quarters are within the present range of the current elephant population. Global positioning systems (GPS) and maps indicate that most of the cultivated areas are more than 4 kilometers deep into the sanctuary. Maps that show the proposed re-demarcation indicate that more than 50 per cent of the concession would be within sanctuary boundaries.

Regional vs. Federal Jurisdiction

¶9. (SBU) Babilie is split between two regional states, Oromia and Somali. The federal government has total jurisdiction under Ethiopian law due to the transboundary nature of the protected area.

Notwithstanding, the Investment Commission of the Oromia Regional Government granted the concession to FEP without consulting federal authorities. According to credible sources the investor commenced clearing without the knowledge or approval of federal officials or consultation with technical personnel at zonal and regional levels. The source also indicated that he was subject to intimidation by the Chief Administrator, including being taken to the police station, and was banned from traveling to the site until October 2007. Sources from the Ministry of Agriculture and the investor emphasized that the Oromia regional government picked the site and gave it to the investor.

¶10. (U) In addition, no environmental impact assessment (EIA) was completed as required by Ethiopian law. According to numerous sources, no contact was made with regional or federal environmental authorities before the agreement was reached. In the normal course of activity, the Oromia region Environment Bureau should have been informed of and provided with an EIA for lands under federal jurisdiction, they would then have forwarded the EIA on to the federal EPA for review. Since no report was submitted, EPA was out of the loop at both regional and federal levels.

¶11. (U) In August, the Ministry of Trade and Industry called the first high-level meeting of stakeholders from all sides of the issue to address conflicting equities as reported in the press. One month

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later the Deputy Prime Minister called another high-level meeting to discuss the issues. In September stakeholders agreed that a team consisting of the Institute for Biological Diversity and representatives from relevant regional and federal government departments would go to Babilie and make a recommendation that would be a "win for both conservation and development." The group, including the regional chief, was expected to report their recommendations back to the Deputy Prime Minister in mid-October. To date, no report has been made.

Biofuel Production vs. Conservation

¶12. (U) The State Ministry of Agriculture claims local communities are pleased with the concessions because of the employment opportunities it provides. FEP claims that they are focused on a "community farming model" where they provide seeds, fertilizer, and water to farmers with plans to cultivate up to 200,000 hectares of castor bean in the coming five years. They also discussed plans for secondary assistance in the form of health clinics and schools, but no movement has been witnessed on these activities.

¶13. (U) FEP claims to have invested at least 11 million USD secured from European sources in its castor oil venture. Part of that investment includes a recently completed castor oil production factory. The factory produces crude oil from the castor bean that will be exported for use in biofuels or the cosmetics/pharmaceutical industry. At its inaugural ceremony, Oromia State Chief Administrator, who referred to the project as "environment friendly," reiterated the government's strong support for the investors that are playing an important role in Ethiopia's development. The GOE encourages this type of direct foreign investment for several reasons: it narrows the trade deficit because

all foreign currency coming in passes through the Ethiopian banking system and it diversifies non-traditional exports. In addition, according to GOE's Investment Proclamation, all but 10% of income from exports must be converted to Ethiopian currency within 28 days of sale.

¶14. (U) The Regional Administrator also expressed appreciation for the investor's decision to construct the factory in a relatively undeveloped area near Harar that is prone to famine and drought. The mill has a production capacity of 80,000 tons of crude oil (the current market price is 750-900USD per ton) and employs about 150 people. To reach that capacity 50,000 hectares need to be cultivated. Current reports from the investor indicate that approximately 5000 hectares have been cultivated, most on "community farms."

¶15. (U) The investment also supports the Biofuel Development and Usage Strategy declared by the Ministry of Mines and Energy in August 2007. Some key objectives in Article 4 include: to achieve foreign exchange savings by replacing imported petroleum with domestically produced biofuels; to accelerate agricultural and agro-processing facilities development by maximizing biofuel development; to create employment opportunities; to increase the productivity of agricultural lands; and to protect the environment from pollution and contribute to global efforts to stem the effects of this pollution through the use of biofuels. Ethiopia's first priority for biofuels has been to focus on fuel blending using ethanol produced from sugar cane and benzene. However, the export of all of the crude castor oil seems at odds with their overall biofuels strategy.

Comment

¶16. (SBU) Comment: This situation starkly illustrates the consequences of promoting biofuel as an economic panacea. Not only is the elephant population of Babilie facing increased habitat loss that may lead to their extinction, but the farmers of Oromia - a chronically food insecure area - are replacing sorghum, a staple crop, with a cash crop that faces an uncertain market. While the market price of castor oil is currently high, there is the possibility that new EU definitions for sustainable biofuel (BRUSSELS 104) will limit the ability of Flora EcoPower to access world markets. End Comment.

Yamamoto